

## Retirement Planning

Baek, E. & DeVaney, S. A. (2004). Assessing the baby boomers' financial wellness using financial ratios and a subjective measure. *Family and Consumer Sciences Research Journal*, 32 (4), 321-348.

The purpose of the study was to examine the financial wellness of the baby boomers using two definitions of financial wellness: objective and subjective financial wellness. With data on 2,021 baby boomer households from the 2001 Survey of Consumer Finances, the study examined factors related to three measures of objective wellness and one measure of subjective wellness. The results showed that 20% met the guideline for liquid assets-to-income ratio, 74% met the guideline for debt-to-assets, 62% met the guideline for investment assets-to-net worth, and 64% said that compared to others of their generation and background, they were lucky in their financial affairs. The results help consumer educators and financial advisors understand which facts should be emphasized when providing information to baby boomers.

Baker, F. M. & Hishinuma, E. S. (2002). AMA and NMA members: Retirement planning and definition of a good quality of life. *Journal of Geriatric Psychiatry*, 35 (2), 169-191.

Examined the attitudes of white and African American physicians in regard to retirement planning and their definition of good quality of life. A total of 100 white members of the American Medical Association (AMA) and 53 African American members of the National Medical Association (NMA), all aged 50 and older and practicing in Indianapolis, Indiana, completed a 7-page mail questionnaire. It was found that white and African American physicians listed similar reasons for retirement (full life, ready to change pace, and financially able to retire), though a larger percentage of African American physicians felt that they would retire due to mandatory retirement requirements and a larger percentage of white physicians said that they would retire due to the changing practice climate (including stress and frustration). More NMA members (African Americans) than AMA members (whites) said that they would continue to attend their respective national and local chapter meetings. While both physician groups anticipated similar leisure time activities in retirement, a higher proportion of white physicians selected activities that required some exertion or that were outdoor activities. In defining good quality of life, both groups endorsed similar factors, including good health, adequate income, friends, travel, participation in physical activity, and contribution to the community.

Bieker, R. F., DeVaney, S. A., & Chen, Z. (2001). Determinants of employment among older Americans. *Financial Counseling and Planning*, 12 (2), 33-42.

Because of the low rate of savings among households and concerns about the solvency of the Social Security trust fund, it is likely that more Americans will have to work beyond the new traditional retirement age of 65. This study uses data from the 1998 Survey of Consumer

Finances to examine the factors that account for the differences in the employment status of individuals aged 65 or over. The study classifies individuals as being employed full time, employed part time or not employed. Logistic regression analysis is used to examine the factors that affect differences in employment status.

Chitty, J. (2002). Retirement planning mantra for employees and employers: Education, education, education. *Employee Benefits Journal*, 27 (2), 32-37.

Examines the results of a survey of employer and employee attitudes toward saving for retirement. Data from the 2001 Transamerica Retirement Survey suggest that there is a disconnection between what employees are looking for in their employers and what employers think their employees really want. Employers more often believe that employees are more interested in money over benefits, though for the third year in a row the survey found that employees are more likely to choose a job with a superior benefits package. Employees recognize that they need to know more about saving for retirement and the 2001 Economic Growth and Tax Relief Reconciliation Act provides new incentives for employers to establish or update retirement plans. Above all, employers themselves need to be educated about the implications of the new tax law and about the benefits of a good retirement plan for their workers.

Dennis, H. (2002). Retirement planning specialty. *Generations*, 26, 55-60.

Addresses the diverse elements of retirement planning that are shaping this field. Retirement planning has evolved from conversations between employer and employee about pension benefits and insurance coverage to a major emphasis on saving and investing. Financial planning is now big business, and organizations other than vendors are playing a role in financial education, including the U.S. Departments of Labor and the Treasury. In recent years, retirement planning has become less of a sole-proprietor business and more the province of big companies such as Ernst and Young and Morgan Stanley Dean Witter. Universities and colleges are developing new models of retirement education. The term "retirement planning" has been criticized as too narrow, with the term "life planning" suggested as a more accurate description of what will lead to a successful retirement. New technologies have dramatically changed financial planning. Information about retirement planning is plentiful on the Internet, and online education about retirement planning is becoming more common. Challenges for the field of financial planning include the delivery of meaningful financial information to low-income employees, making financial and retirement education relevant and available to all women, and making retirement planning appealing, relevant, and enjoyable.

DeVaney, S. A. (2004). A web site to help farmers decide if they can afford to retire. *Journal of Extension*, 42 (1), <http://www.joe.org/joe/2004february/tt6.shtml>

Because many farmers are concerned about whether they can afford to retire, a Retirement Estimator for Farm Families was developed for use on the Internet. Farmers are advised to consider life expectancy and think about how income and expenses could change in retirement. Farmers can use the site to enter their information on income and expenses in retirement and obtain feedback on whether they can afford to retire. Links to other resources such as the Social Security Administration and a life expectancy calculator are featured on the site.

DeVaney, S. A. (2004). A web site to help farm families communicate about farm transfer.

*Journal of Extension*, 42 (4), <http://www.joe.org/2004august/tt5.shtml>

A Web site was developed to help farm families learn about communication strategies that can be used when there are sensitive issues relating to farm transfer. The site, Who Will Get Grandpa's Farm? Communicating about Farm Transfer, features six scenes filmed on a farm near Delphi, Indiana. The family members in the scenes include a farmer and his spouse, father, son, and a brother. Each conversation between family members shows examples of direct control, indirect control, and no control. An interactive quiz helps users distinguish between the three communication strategies.

DeVaney, S. A. (2003). Research application in financial preparation for retirement. *Research*

*Methods in Family and Consumer Sciences*. Alexandria, VA: AAFCS, 114-122.

Economic well-being in retirement is an important topic. Some individuals prepare financially for retirement throughout most of their working life while others enter retirement with hardly any resources. The purpose of this article is to provide findings from research about individuals and families who are preparing financially for retirement and also about those who are unprepared and may be in need of assistance. In addition, the article presents information on providing retirement education through the use of the Internet.

DeVaney, S. A. & Chen Z. (2003). The accumulation of net worth as workers approach

retirement. *Journal of Personal Finance*, 2 (1), 54-77.

The purpose of this study was to examine factors influencing the personal net worth of business owners and employees in the 1994 Health and Retirement Study. The results of separate regressions showed that employees and business owners with more education and more income had higher net worth. In addition, employees who were older, in good physical and emotional health, married, white, and those who expected income to go down (which could happen after retirement) had higher net worth. Employees who were looking for another job and employees who expected income to go up had less net worth. Owners of large businesses and owners who had a defined contribution plan had higher net worth than other owners. Married and divorced business owners had less net worth than never married or widowed owners. Financial advisors should consider these findings when advising employees and business owners.

DeVaney, S. A. & Kim, H. (2003). Older self-employed workers and planning for the future. *The Journal of Consumer Affairs*, 37 (1), 123-142.

A gap in the retirement planning research exists because most pension studies focus only on employees and job-related pensions. This study examined retirement expectations of the older self-employed utilizing two theories: the normative anticipation of retirement and cumulative advantage theory. Two-thirds of the older self-employed had no retirement plans. If the majority of the self-employed have no pensions plans and are depending primarily on their business for retirement income, they may be financially disadvantaged in later life. Multinomial logistic regression showed that those with no retirement plans were more likely to be unmarried, in poorer physical health, with few resources, and more obligations, but they expected to live a long time. Job skills programs and managerial training could improve the financial well-being of the older self-employed and enable them to plan for retirement.

DeVaney, S. A. & Kim, H. (2003). Women's knowledge about their pension plans. *Journal of Family and Consumer Sciences*, 95 (2), 19-25.

Using information collected in 1999 on 976 female workers (age 45-58 in 1999) from the National Longitudinal Survey of Young Women, this study explored the extent of the women's knowledge about their pension plans. The results reveal that only 21% of the sample felt they knew "a lot" about their pension, yet the women are getting close retirement at the same as they are probably approaching the peak of their earnings. Educators and financial advisors should make a special effort to help workers, especially women, increase their human capital related to financial issues.

Dorfman, L. T. (2003). Older rural workers and retirement preparation. *Journal of Gerontological Social Work*, 41, 213-228.

Reviews the role of social workers in helping to prepare older adults in rural communities for retirement. Examines the impact of the rural environment on work and retirement by reviewing current socioeconomic conditions in rural areas, rural community infrastructure, and rural community change. Discusses the employment and income status of older rural workers, giving particular attention to gender and racial/ethnic differences in employment and job training/job creation issues. Looks at the retirement needs and preparation of rural older adults. Explains that implications for gerontological social work practice include developing and delivering services based on the needs of the community, informing older workers about their legal rights, providing employment counseling services, advocating for more job training and retraining for older workers, increasing access to employment and retirement services, encouraging entrepreneurial activities, and developing and delivering preretirement education and planning programs.

Duflo, E. & Saez, E. (2002). Participation and investment decisions in a retirement plan: the influence of colleagues' choices. *Journal of Public Economics*, 85 (1), 121-148.

Investigated whether peer effects play an important role in retirement savings, focusing on the decisions of the administrative and support staff of a large university. A university with approximately 12,500 employees collected 4 waves of data (October 1997, June 1998, October 1998, and June 1999) on all employees and their participation in a traditional pension plan, which included a defined contribution (DC) plan, a supplemental tax deferred account (TDA) plan, and the choice of mutual fund vendor for those who chose to enroll. Ordinary least squares regression revealed that participation rates were correlated within departments and that this correlation was, at least in part, driven by social effects. After instrument average participation in a department with the distribution of wages in the department or the distribution of years of service, a strong effect of average participation within subgroups in the department persisted. In contrast, no effect was found of the participation in the other subgroups within the department. The same results were obtained for the choice of vendor among participants in the TDA. Results suggest that decision taken in one's peer group influence one's decision to participate and the choice of the mutual fund vendor.

Ekerdt, D. J. & Clark, E. (2001). Selling retirement in financial planning advertisements. *Journal of Aging Studies*, 15 (1), 55-68.

Examined the ways that the financial planning industry promotes and characterizes retirement. An analysis was conducted of all 48 advertisements for retirement-related financial planning that appeared during 1997-1998 in "Time," "US News and World Report," "Business Week," "Forbes," and "Money." Of the 37 ads with a picture, 35 showed male models, 12 showed females, 33 showed whites, and 4 showed blacks. Thus, the model customer looked like a mature, white man, who is or has been prosperously employed. Ads suggested to readers that saving for retirement is a difficult and anxious task, the complexity of which the companies stood ready to manage. The primary objective of all ads was to generate some contact with the company. The savings goal--retirement itself--was depicted in only a minority of ads, underscoring its life-course givenness and desirability. Ads with an image of retirement showed an emancipatory life stage of active leisure underwritten by necessary financial security: a desirable, hard-earned suspension of time between work and the frailty that heralds death. The unspoken view, however, was that without savings initiative, retirement means limits, insecurity, and lack of control.

Ekerdt, D. J. & Hackney, J. K. (2002). Workers' ignorance of retirement benefits. *Gerontologist*, 42, 543-551.

Examined the extent of middle-aged workers' unfamiliarity with retirement benefits. Data were obtained from the 1992 Health and Retirement Survey for 2 sets of respondents aged 51-61:

4,980 individuals (mean age 55.6) who had not yet retired and 3,406 "financially knowledgeable" respondents (mean age 55.6) who answered questions for their household. Of the household respondents, 87.2% worked 35 or more hours per week. Current workers were asked about employers' pensions; household respondents were also asked about Social Security retirement benefits and employer-sponsored health insurance. It was found that workers readily offered responses about the shared, public details of pension plans, but one-third of persons in defined benefit plans and one-fifth of persons in defined contribution plans lacked knowledge about personal pension wealth. Among household respondents, 14% did not know about health insurance continuation after retirement, and 52% could not offer an expected Social Security amount. Such no response was patterned by proximity to retirement and by social and occupational factors.

Gee, S., Ng, S. H., Weatherall, A., Liu, J., Loong, C., & Higgins, T. R. (2002). Saving ourselves: Gender issues in making provision for one's own retirement. *Australasian Journal on Ageing*. 21, 30-35.

Investigated gender differences in making provision for retirement in New Zealand and the factors associated with a lower likelihood of saving. Data were drawn from a larger ongoing research program investigating life after age 40 for 214 female and 166 male nonretired respondents aged 40-62.5. Overall, women were less likely to save for their own retirement than were men; however, this gender difference was no longer significant when income was taken into account. Those less likely to be making provision for their own retirement included individuals with poor health and lower income and women who had divorced or who provided care. It is concluded that the relative economic position and social roles of women may engender vulnerability to economic dependence in later life

Glass, R. D. & Marshall, S. (2003). Investment education for the 21st century: Dispelling the myths and undoing the errors. *Employee Benefits Journal*, 28 (2), 23-30.

Provides information for plan fiduciaries and providers on the issues surrounding investment education and advice. Given the high cost of maintaining a traditional pension plan, many companies have concluded that 401(k) plans should replace defined benefit plans as their primary, and often only, retirement vehicle. Initially, presentations given at enrollment meetings implied that by joining the 401(k) plan (with its employer match and professionally managed funds) retirement security would be essentially assured; providers focused on making participants view 401(k) plans favorably instead of realistically. While history cannot be changed, it is possible to create an environment in which the ramifications of past mistakes are minimized. It is recommended that, in addition to basic and realistic investment education and transaction-based statements, employers and sponsors provide gap analyses, which show participants how far they have progressed toward retirement goals and propose a contribution level to meet those goals. Participants should be told that investing can never be put on autopilot.

Hatcher, C. (2002). Wealth, reservation wealth, and the decision to retire. *Journal of Family and Economic Issues*, 23 (2), 167-187.

This paper introduces a model of retirement wealth choice. Reservation wealth is defined as the level of wealth at which an individual is indifferent between retiring and not retiring. Economic theory is used to generate hypotheses concerning how an individual's characteristics determine his or her reservation wealth. An econometric strategy is outlined for estimating these determinants, given that reservation wealth is not directly observed. This strategy is then employed using the 1992 Survey of Consumer Finances. The findings imply that individuals respond fairly conservatively, with respect to their retirement planning, to changes in their income. It is also found that married men and women choose their reservation wealth in very different ways.

Hershey, D. A., Mowen, J. C., Jacobs, L., & Joy, M. (2003). An experimental comparison of retirement planning intervention seminars. *Educational Gerontology*, 29(4), 339-359.

Examined the efficacy of 3 different retirement seminars 1 year following intervention. 106 individuals (aged 25-45 yrs) attended a retirement seminar that focused on either information about financial planning and investing, financial goal-setting exercises, or a combination of the two. Ss completed questionnaires regarding retirement planning activities over the past 12 mo, the clarity of their retirement goals during that same period, and savings contributions to a retirement plan. Ss also reported their expectations of their planning activities, goal clarity, and savings contributions during the next 12 mo. Post intervention goal clarity and planning and savings practices were compared; data were also compared with control Subjects who attended a memory improvement seminar. Results show that intervention exerted the strongest effects on those in the combined condition, and a moderate influence on the behavior of those who attended the information-only seminar. Findings suggest that the influence of information-based seminars, the most common form of motivational intervention, can be enhanced by the addition of a supplemental goal-setting module.

Kim, H. & DeVaney, S. A. (2003). The expectation of partial retirement among family business owners. *Family Business Review*, 16 (3), 199-210.

Decisions that the family business owner makes about retirement and succession are critical and could affect a large proportion of the work force. Compared to employees, family businesses owners may have more of an opportunity to retire partially, i.e., reduce the number of hours worked. The purpose of this study was to determine the characteristics of family business owners who expect to retire partially. Data on 1,155 family business owners from the 1998 Survey of Consumer Finances reveals that family business owners with more education and more income,

who work more hours per week, and who have tax-deferred retirement accounts expect to retire partially. There is a direct correlation between age and those choosing partial retirement, suggesting that many family business owners expect to retire partially. Married family business owners were less likely to expect to retire partially; instead, they would retire fully. The equity in the business, type of ownership, and involvement of other family members did not affect the expectation of partial retirement

Larimore, L. K. (2001). Social Security benefits considerations in early retirement. *Journal of Financial Planning*, 14 (6), 116-118.

Calculates the economic breakeven points for someone collecting early retirement benefits versus waiting until full retirement age, taking into account life expectancy and the time value of money. The earliest retirement age for Social Security remains at 62, but the reduction in benefits for early retirement gradually increases to 30% by 2022. Despite this reduction, 66% of working Americans who responded to a recent survey on retirement planning reported that they want to retire before age 65, yet only 27% indicated that they have begun the financial planning necessary for early retirement. While many factors may influence the decision as to when to collect Social Security benefits, the economic value of beginning Social Security at age 62 for men is greater than waiting for full retirement. For women, the economic value of waiting for full retirement is slightly greater than early retirement for those attaining age 62 in the year 2000. However, because of the scheduled extension to age 66 for full retirement between 2005 and 2016, and to age 67 in years 2022 and after, women who opt for early retirement after the year 2005 will gain a slightly higher economic value compared with waiting. The differences in the economic values do not appear to be significant enough in any of the situations to be the major factor influencing the decision as to when to begin Social Security benefits.

Lee, Y. & DeVaney, S. A. (2003). Determinants of savings behavior. *Proceedings of the Association for Financial Counseling and Planning Education*. 91-97.

Two types of saving behavior were examined: saving with a regular plan and saving what was left over at the end of the month using data on 4,442 households from the 2001 Survey of Consumer Finances. Logistic regression showed that age, education, home ownership, leaving an estate to heirs, and risk tolerance positively influenced using a regular plan for saving. Households who saved what was left over at the end of the month were more likely to be headed by an individual who was age 65 and over, self-employed, and with a neutral attitude to credit.

Lichtenstein, J. H., & Wu, K. B. (2003). Retirement plan coverage and saving trends of baby boomer cohorts by sex: Analysis of the 1989 and 1998 SCF. *PPI Data Digest*, 93, 1-8.

Examines recent changes in retirement plan coverage and savings of baby boomers, using data from the 1989 and 1998 Survey of Consumer Finances (SCF) and focusing on differences between older (born 1946-1955) and younger (born 1956-1965) boomers as well as on differences between women and men. In addition, a third cohort--preboomers--is created to examine the 10-year age group that just preceded older boomers. Analysis of trends from the 1989 and 1998 SCF indicates that younger boomer cohorts are less likely to have retirement plan coverage than older cohorts at the same age. In addition, women's pension coverage does not appear to be increasing when this coverage is measured over a career. The more significant increase in women's retirement plan coverage appears to be the jump in individual retirement account coverage. While retirement plan savings increased significantly for all boomer cohorts between 1989 and 1998, savings levels remained low, ranging from \$16,000 to \$32,000 in 1998 for boomers and preboomers at the median.

Lim, V. K. G. (2003). An empirical study of older workers' attitudes towards the retirement experience. *Employee Relations*, 25(4), 330-346.

This study examined the attitudes of older workers towards work and retirement, retirement planning and their willingness to continue working after retirement and to undergo retraining. Data were collected via questionnaire surveys. Respondents consisted of 204 individuals aged 40 and above who attended courses at a local institute of labor studies. Findings suggested that work occupied a salient part of the respondents' lives. In general, respondents also held rather ambivalent attitudes with regard to the prospect of retirement, i.e. while they did not view retirement negatively, they were nevertheless anxious about certain aspects of retirement. Results also suggested that majority of respondents preferred to remain employed in some ways even after they have officially retired from the workforce, i.e. partial rather than full retirement was preferred. Implications of findings for organizations and policy makers were discussed.

Lucas, L. (2002). Meeting the financial planning needs of a diverse and paradoxical 401(k) population. *Benefits Quarterly*, 18 (4), 15-21.

Reviews how 401(k) plan sponsors can help meet the diverse and paradoxical needs of 401(k) enrollee populations. Although providing online financial planning tools to defined contribution plan participants is more critical than ever for plan sponsors, plan sponsors often find themselves thwarted in their efforts to get employees to not only obtain advice but also follow it. According to recent research, participants want to be told what they should do, not what they have to do; choice is important, but so is guidance. Nonparticipants/disinterested investors would benefit from automatic enrollment in the employer 401(k) plan and preselected, age-appropriate investments. Interested but uncertain investors would benefit from an approach that combines very simple guidance with limited investment choices; such an approach would require little or no data input, be quick and easy, and provide a reasonable answer. Motivated investors can have even more choice through a self-directed brokerage account feature. By incorporating a multitier

approach that involves plan automation, core investment guidance, and online investment advice, the plan sponsor can meet the needs of diverse investor groups.

Miller, Lynn. (2002). Ongoing growth of defined contribution and individual account plans:

Issues and implications. *EBRI Issue Brief*, 243, 1-17.

Discusses the implications of the growth of defined contribution (DC) retirement plans and individual account plans and the subsequent impact on employers, employees, and retirement planning. Describes the trends that can be seen as members of the Baby Boom Generation attempt to determine how much retirement income they will need to maintain their standard of living, what form their retirement income will take, and how much they will be able to spend. Examines the influence of the Economic Growth and Tax Relief Reconciliation Act of 2001 on the movement to DC plans. Discusses the factors that influence workers' participation in a DC plan. Describes the need to manage risk during market volatility through careful asset allocation. Examines the factors that influence a worker's decision after employment termination to keep funds in the plan, to roll them over to another plan, or to cash them out and pay the taxes and penalty for early withdrawal. Discusses the impact of partial privatization of Social Security on private pensions. Includes numerous tables and graphs displaying statistical data.

Muller, L. A. (2002). Does retirement education teach people to save pension distributions?

*Social Security Bulletin*, 64 (4), 48-65.

Examined the relationship between retirement education (specifically, meetings sponsored by employers or by public and private institutions) and the saving of lump-sum distributions from retirement savings accounts. With an econometric model using least-squares and data from 640 participants in the 1992 Health and Retirement Study (mean age 49), it was found that retirement education does not affect the overall likelihood that employees will save their distributions, whether in tax-deferred or non-tax-deferred vehicles. The picture is more complicated for subgroups of employees. Attending a retirement meeting is associated with an increased likelihood of saving among persons aged 40 and younger but with a decreased probability of saving among college graduates and women. No effect was found for men, individuals over age 40, or persons who did not graduate from college.

Muller, L. A. (2003). Investment choice in defined contribution plans: The effects of retirement

education on asset allocation. *Benefits Quarterly*, 19 (2), 76-94.

Evaluates the effect of a specific form of retirement education--retirement classes--on asset allocation within self-directed defined contribution (DC) pension plans. Data are analyzed from the 1992 Health and Retirement Study for 1,107 respondents aged 51-61 (mean age 54) who had at least 1 self-directed DC plan. Because each individual could have more than 1 self-directed

plan, 1,186 plans were analyzed. Twenty-nine percent of these participants attended a retirement class, with 79% of these seminars taken at the workplace. Ordinary least squares regression is used to estimate the effects of retirement education on the percentage of equity in the pension portfolio. These effects are then estimated for different types of individuals, specifically those with differing degrees of risk aversion and years expected until retirement. It is shown that those with a relatively high degree of risk aversion invest a larger percentage of their assets in equities after attending a class, with individuals who are further from retirement making the largest reallocations to equities.

Munnell, A. H., Sunden, A., & Taylor, C. (2002). What determines 401(k) participation and contributions? *Social-Security-Bulletin*, 64 (3), 64-75.

Examined how employee attitudinal variables affect 401(k) plan participation, particularly in regard to planning for saving and spending. Data were obtained from the 1998 Survey of Consumer Finances on 1,698 non-self-employed individuals (mean age 40.96) eligible to participate in a 401(k)-type plan, including 1,229 (mean age 41.45) who actually participated in such a plan. It was found that age, income, and job tenure increased the probability of participating in a 401(k) plan. Net worth exerted a small positive effect on participation while pension wealth had a small negative effect on participation. The existence of an employer matching contribution and increased access to funds had a positive effect on participation. Having a short planning horizon ("the next few months" or "the next year") dramatically decreased the probability of participation compared with having a longer planning horizon ("the next few years" or "the next 5-10 years")

Paladino, V. & Helman, R. (2003). Findings from the 2003 Retirement Confidence Survey (RCS) and Minority RCS. *EBRI-Notes*, 24 (7), 1-6.

Presents results from the 2003 Retirement Confidence Survey (RCS) and the Minority RCS. The 2003 RCS obtained data from 782 workers and 218 retirees aged 25 and older through a telephone survey. It was found that, despite continuing financial uncertainty and wavering consumer confidence overall, retirement confidence decreased only slightly. The percentage of workers saying they are very confident about having enough money to live comfortably in retirement (23% in 2002 and 21% in 2003) and the percentage saying they are only somewhat confident (47% in 2002 and 45% in 2003) have not changed significantly. Two-thirds of all workers reported having personally saved for retirement in 2003, virtually unchanged from 2002 and 2001. Forty-three percent reported that they or their spouses had tried to calculate how much money they will need to save for retirement. The majority of the respondents were unaware of the phased increase in the Social Security normal retirement age from 65 to 67, with 51% expecting to reach full eligibility before they actually will. The Minority RCS found that African American and Hispanic workers were worse off than workers nationally, with lower rates of confidence and savings.

Pienta, A. M. & Hayward, M. D. (2002). Who expects to continue working after age 62? The retirement plans of couples. *Journals of Gerontology: Series B: Psychological Sciences & Social Sciences*, 57B (4), S199-S208.

Examines the individual, spousal, and household characteristics associated with the retirement expectations of husbands and wives. Using data from the 1992 Health and Retirement Study, subjective probabilities of working full-time after reaching age 62 and age 65 are used to measure retirement expectations. The retirement expectations of husbands and wives are modeled simultaneously using a joint-generalized least-squares approach. The results indicate that within a marriage, retirement expectations are shaped by individual, spousal, and household characteristics. The authors observe some gender differences in cross-spousal influence with wives' retirement expectations being more influenced by husbands' resources and constraints than vice versa. Nonetheless, individual and household factors associated with retirement expectations are widely shared by husbands and wives. Also, both respond to individual and joint constraints and opportunities when planning for retirement. Findings support that there is considerable overlap in retirement planning of husbands and wives during early parts of the retirement decision-making process. However, inequity in cross-spousal influences is a defining characteristic of retirement decision making. Implications are discussed.

Presley, S. E. & DeVaney, S. A. (2003). Examining the financial recovery period after loss of a spouse. *The Gerontologist*, 43 (1), 109.

The purpose of this exploratory study is to understand the financial factors relevant to the livelihood of adults 65 and older that have lost their spouse. A qualitative phenomenological design was used to obtain an understanding of how individuals prepare for and cope with the loss of a spouse financially. The focus was on decisions concerning health and life insurance, investments, home ownership, and financial advising. The sample was drawn from a retirement community in a Midwestern city. Results suggest there is a need to encourage and educate women to plan financially for the future.

Rappaport, A. M., & Parikh, A. (2003). Living to 100 and beyond--implications of longer life spans. *Benefits Quarterly*, 19 (2), 27-35.

Addresses concerns about the implications of increasing longevity of older Americans for families, businesses, and society as a whole. In many developed nations, older adults will have fewer children to rely on, and many of those children will be facing the simultaneous challenge of planning their own retirement. Expected declines in the available pool of long term care (LTC) providers will likely cause the cost of nursing home and other formal care to increase, effectively closing the door to this option for many families. Businesses that target older adults already have experienced substantial growth in the size of the markets they serve, triggered by the growth in numbers of older adults, the lengthening of life spans, and the increasing wealth of

older adults over the last century. While specific industries, such as annuity insurance, LTC insurance, financial planning, home health care, and retirement housing, will find new and growing opportunities, virtually every industry will face new problems as well. Many organizations will feel the impact of population aging in their employee benefit plans, even if they do not see it in the demand for their services. Government-sponsored old-age insurance programs are carrying a substantial and growing burden. Yet, over half of older Americans depend heavily on Social Security, making any benefit reduction politically difficult.

Reitzes, D. C. & Mutran, E. J. (2004). The transition to retirement: Stages and factors that influence retirement adjustment. *International Journal of Aging & Human Development*, 59(1), 63-84.

A set of older workers from the Raleigh-Durham-Chapel Hill, North Carolina metropolitan area were followed from pre-retirement to 24 months post-retirement in order to explore stages in retirement and the impact of social psychological, social background, and gender factors on the retirement adjustment. First, we found general support for Atchley's model of retirement adjustment (1976). Second, the factors that influence retirement adjustment in the data analysis revealed that: 1) pre-retirement self-esteem and friend identity meanings, as well as pension eligibility, increased positive attitudes toward retirement at six months, 12 months, and 24 months post-retirement; 2) retirement planning and voluntary retirement increased positive attitudes toward retirement earlier, but not later, in the first two years of retirement; 3) poor health decreased positive attitudes toward retirement later rather than earlier in the first two years of retirement; and 4) there were only limited gender effects.

Weinberg, S. (2001). What accounts for the variation in retirement wealth among U.S. households? *American Economic Review*, 91 (4), 832-857.

Examined factors affecting variation in retirement wealth among households in the United States, in light of the fact that saving and wealth vary considerably among households with similar socioeconomic characteristics. Life cycle models attribute this variation to differences in time preference rates, risk tolerance, exposure to uncertainty, relative tastes for work and leisure at advanced ages, and income replacement rates. Using data from the Panel Study of Income Dynamics and the Consumer Expenditure Survey, little support was found for these implications. Consumption growth rates near retirement do not vary systematically with retirement wealth. The data are instead consistent with "rule of thumb," "mental accounting," or hyperbolic discounting theories of wealth accumulation.

Weiner, D., (2001). Taxation of retirement saving: choosing between front-loaded and back-loaded options. *National Tax Journal*, 54 (3), 689-702.

Examines retirement savers' choices between front- and back-loaded tax incentives, such as traditional and Roth individual retirement accounts (IRAs). With equal dollar contribution limits, back-loaded plans shelter more funds than front-loaded plans, which imply that Roth IRAs can be the preferred choice even for investors who expect their tax rates to fall in retirement. Marginal tax rates, and how they have varied between 1982 and 1995, are examined for a sample of taxpayers, and both ex ante and ex post effective tax rates on front-loaded IRAs are calculated. The average effective tax rate on traditional IRA contributions made in 1982 and withdrawn in 1995 was 30%. Changes in tax law after 1982 reduced tax rates considerably. Holding tax law constant, the average effective tax rate on IRAs was approximately 11%. These results occur because the tax rate in retirement is lower for most people than the rate while working. In contrast, the effective tax rate on Roth IRAs is always zero. Despite the lower average effective tax rate on traditional IRAs, many of these taxpayers would have benefited from contributing to a Roth IRA instead of a traditional IRA because of the difference in effective contribution limits.